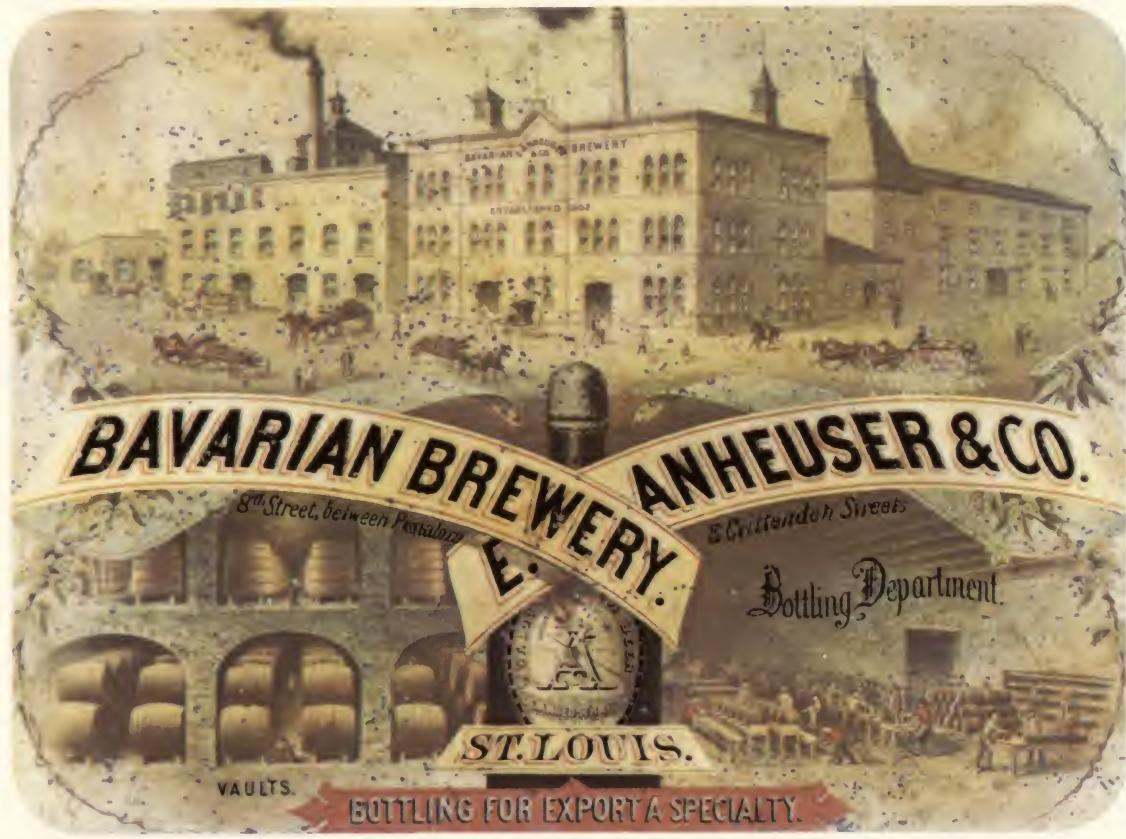




ANHEUSER-BUSCH, INC.

1970 ANNUAL REPORT



Anheuser-Busch, Inc.
"Then and Now"...

The upper photo shows the Bavarian Brewery which was built on the site where the present brewery is located in south St. Louis on the bank of the Mississippi River. From this 8,000-barrel-a-year plant grew the world's largest brewery, below, with an annual shipping capacity of 8,900,000 barrels. Pure steam, shown in photo, is a part of normal operations. It all began in St. Louis, and on November 25, 1970, the production of the 20 millionth barrel in one year was marked at the Company's home plant.





Annual Report to
Shareholders of
**ANHEUSER-BUSCH,
INCORPORATED**
St. Louis, Missouri

THE ANNUAL MEETING

of shareholders of the Company will be held on Wednesday, April 28, 1971, at 10:00 a.m., St. Louis time. A notice of that meeting and proxies on behalf of the management will be sent to the shareholders on or about March 19, 1971.

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The President's Letter

February 10, 1971

TO THE SHAREHOLDERS OF
ANHEUSER-BUSCH, INCORPORATED:

The Company set new records for the brewing industry in 1970. We became the first brewing company in the world to produce and sell more than 20,000,000 barrels of beer in a year. It was only six years ago that we reached the significant milestone of producing and selling more than 10,000,000 barrels of beer in a single year.

This record is a great tribute to the Anheuser-Busch wholesaler organization and to the thousands of employees of the Company and our wholesalers.

The 1969 comparative data shown in this report reflects the reduced sales volume and earnings resulting from the five-week national work stoppage at our brewing plants in the second quarter of that year.

In 1970, total dollar sales were \$1,036,272,000 as compared with \$871,904,000 in 1969, an increase of 19%. Net income was \$62,549,000, or \$2.80 a share, as compared with \$45,311,000, or \$2.03 a share in 1969, an increase of 38%.

Beer sales amounted to 22,201,811 barrels, reflecting an increase of 19% over 18,712,432 barrels sold in 1969. Our beer sales represented approximately 18% of brewing industry sales in 1970 compared with 16% in 1969.

Sales and profits of the Industrial Products Division were higher in 1970 than in 1969. We look forward to continued and improved profit contributions from this division. Sales of the Industrial Products Division in 1970 accounted for approximately 6% of corporate net sales.

During 1970 we continued our expansion program to meet the heavy consumer demand for our beer products. We began shipping beer from our new Merrimack, New Hampshire, brewery in June, 1970. Construction of our new brewery near Williamsburg, Virginia, is progressing well, and we will begin shipping beer from Williamsburg late this summer.

In January we announced that we would market a new malt beverage in 1971 under the brand name of Budweiser Malt Liquor. This product will be introduced in about 400 major cities throughout the United States, and we are confident that it will uphold the quality image established by other Company products.

During the year we reached three-year labor agreements with the Unions that represent the majority of our employees in our system of breweries.



In July, 1970, we took a step toward making our family entertainment business profitable by initiating an admission fee at Busch Gardens in Tampa. In 1970, more than 2,300,000 people visited the Tampa Gardens. Further expansion of our Tampa attraction will continue in 1971.

Busch Gardens at Los Angeles was visited by approximately 1,700,000 people in 1970. Our plans call for the initiation of an admission fee at the Los Angeles Gardens in the very near future.

The new Busch Gardens facility adjacent to our Houston brewery will open in late spring. A general admission fee will also be charged at this family entertainment attraction which will feature Asian animals in a setting of Asiatic architecture and landscaping.

All three Garden attractions include visitor sampling of our beers, thereby providing a tremendously effective promotional vehicle for the Company's products.

On September 17, 1970, Busch Properties, Inc., a wholly-owned subsidiary, was formed to handle all real estate development activities of the Company (see page 13).

During 1970 we intensified our program in the area of ecology by launching a total systems approach to finding solutions to the problem of solid waste disposal. I direct your attention to page 7 of this report for a more detailed explanation of our efforts to date.

In its January, 1971 meeting, your Board of Directors recommended that the common stock of the Company be split 2 for 1 and that requests for the necessary approval be submitted to the shareholders at their meeting on April 28, 1971.

I want to extend to our shareholders our sincere appreciation for their continued confidence and support. Let me assure you that we will do our best to continue to earn this confidence and support in 1971 and future years.

Sincerely,

A handwritten signature in blue ink that reads "August A. Busch, Jr."
August A. Busch, Jr.
President and Chairman of the Board

The year at a glance

YEAR ENDED DECEMBER 31	1970	1969
Barrels of beer sold.....	22,201,811	18,712,432
Sales	\$1,036,272,000	\$871,904,000
All taxes	318,167,000	268,471,000
Per share	14.24	12.02
Net income	62,549,000	45,311,000
Per share	2.80	2.03
Cash dividends	18,991,000	17,843,000
Per share85	.80
Capital expenditures	65,069,000	66,396,000
Depreciation	33,795,000	30,063,000

FINANCIAL CONDITION AT DECEMBER 31

Working capital	80,430,000	76,950,000
Plant and equipment, net	416,660,000	387,422,000
Long-term debt	128,080,000	134,925,000
Shareholders equity	358,476,000	314,121,000
Per share	16.04	14.07
Number of employees	11,291	10,723
Number of shareholders.....	22,103	22,277

*Review
of the
year...
1970*

This report includes the operations of the Company and all of its subsidiaries. The following summary compares the operations of 1970 with 1969:

	In Thousands		
	1970	1969	Change
Barrels sold (all beers)	22,202	18,712	3,490
Net sales	\$792,777	\$666,609	\$126,168
Cost of doing business	672,001	573,671	98,330
Income before taxes	120,776	92,938	27,838
Tax provision	58,227	47,627	10,600
Net income	62,549	45,311	17,238
Per share	2.80	2.03	.77

The summary shown above reflects a 38% increase in net income per share for 1970. The two-year compounded growth rate of the Company's net income per share is 18%, and the five-year compounded growth rate is 18%.

The return on average shareholders equity for the year was 19% compared with 15% for 1969. The ratio of earnings to net sales was 8% for 1970.

Cash dividends of \$.85 per share were paid in 1970. This represented an increase of \$.05 over the \$.80 per share paid in 1969. The Company has paid cash dividends in each of the past 38 years, plus stock dividends in the years 1953, 1954 and 1966.

A condensed statement of beer volume and consolidated earnings by quarters follows:

	In Thousands			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Barrels sold (all beers)	5,213	5,660	5,990	5,339
Net sales	\$184,936	\$199,543	\$214,932	\$193,366
Depreciation provision	7,902	8,398	8,782	8,713
Income before taxes	27,510	30,221	35,079	27,966
Net income	13,692	15,009	18,009	15,839
Per share61	.67	.81	.71

Taxes

Total taxes applicable to 1970 operations (not including the many hidden taxes included in materials and services purchased) amounted to \$318,167,000. Total taxes for the last two years were:

	In Thousands	
	1970	1969
Federal and state excise taxes on beer sold	\$243,495	\$205,295
Federal and state income taxes	58,227	47,627
All other taxes	16,445	15,549
Total	\$318,167	\$268,471
Per share	14.24	12.02

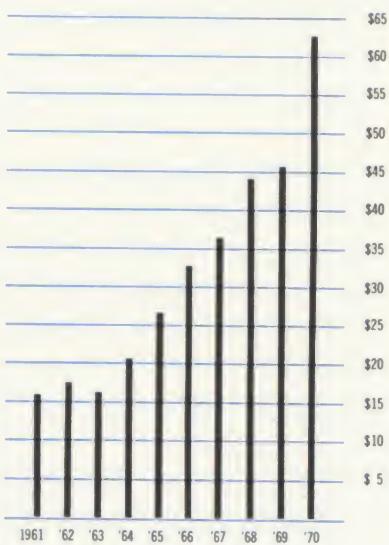
Federal and state income taxes include a 2.5% surcharge on federal income taxes which amounted to \$1,394,000, or \$.06 per share in 1970.

Working Capital

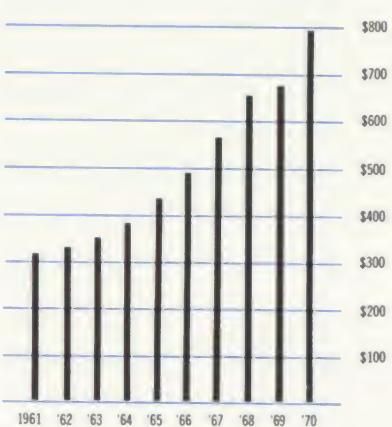
Working capital at December 31, 1970, was \$80,430,000, and the working capital ratio was 2 to 1. Cash and marketable securities totaled \$60,764,000.

The following statement summarizes the flow of funds for 1970:

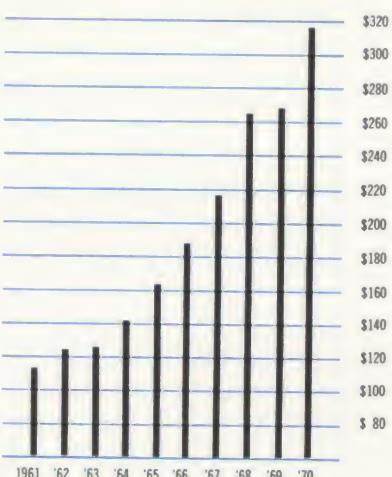
NET INCOME
(millions of dollars)



NET SALES
(millions of dollars)



TOTAL TAXES PAID
(millions of dollars)



	In Thousands
SOURCE OF FUNDS	
Net income	\$ 62,549
Non-cash charges against income	38,843
Sale of common stock under option plans	797
Other	544
Total	102,733
DISPOSITION OF FUNDS	
Capital expenditures	65,069
Investments in land	8,348
Dividends paid	18,991
Long-term debt reduction	6,845
Total	99,253
Working capital increased	\$ 3,480

Property

Capital expenditures amounted to \$65,069,000 in 1970 and \$383,008,000 over the past five years. The major expenditures in 1970 were for the new brewery at Merrimack, New Hampshire, and the brewery under construction near Williamsburg, Virginia.

The following summary presents capital expenditures and depreciation expense for the past five years:

	In Thousands	
	Capital Expenditures	Depreciation Expense
1966	\$ 89,671	\$ 18,955
1967	85,415	23,524
1968	76,457	27,578
1969	66,396	30,063
1970	65,069	33,795
Total	\$383,008	

The Company uses guideline rates permitted by the Treasury Department in computing depreciation for tax

purposes. The resultant tax reduction has been credited to deferred income taxes.

Shareholders

At the close of the year, shareholders numbered 22,103 compared with 22,277 at the end of 1969.

	Holders Of Record	Shares Held
Men	5,964	2,916,976
Women	5,959	3,272,346
Joint names	6,530	1,150,146
Fiduciaries	2,177	4,002,779
Institutions, foundations, brokers, nominees and others	1,473	11,013,233
Total.....	22,103	22,355,480

Employee Benefits

At December 31, 1970, employment was 11,291. Salaries and wages to officers and employees amounted to \$135,997,000. Pension, life insurance and welfare benefits aggregated \$15,549,000; payroll taxes totaled \$5,030,000.

Farm Products

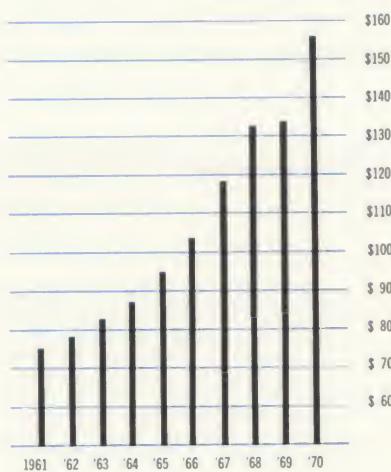
The American farmer supplies the domestic hops, barley, rice and other grains used in the production of beer, corn for various corn products, and molasses used in the production of yeast.

Farm products purchased by the Company in 1970 had an aggregate value of \$82,900,000. Processing of brewers grains and corn produced 198,000 tons of high protein animal feed having a sales value of \$8,700,000.

In the brewing of Budweiser, the Company is one of the few breweries using rice exclusively as an adjunct grain to barley malt.

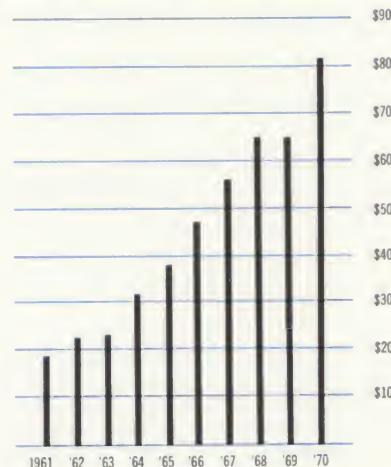
TOTAL PAYROLL COST

(millions of dollars)



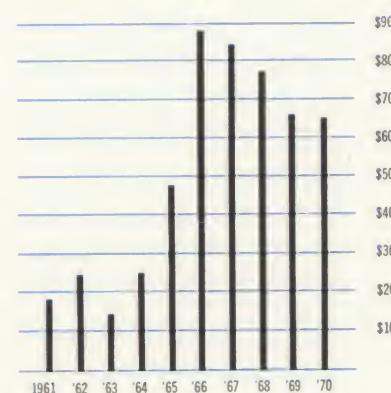
AMOUNT PROVIDED FOR EXPANSION

Retained Earnings plus non-cash charges against income



CAPITAL ADDITIONS

(millions of dollars)



Research

Research and development continues to play an important role in the Company's search for product diversification and for technical improvements in the manufacture of the Company's products. During 1970, research emphasis was placed on the development of new products for the industrial, institutional and consumer markets. In addition to the development of new products, greater effort has been directed toward the expansion and improvement of existing product lines as well as upgrading by-products from our brewing and corn refining operations.

Ecology

At the shareholders meeting on April 22, 1970, the Company announced that it would launch a total systems effort to determine solutions to the problems of ecology.

Our publication, "A Pledge and a Promise," has clarified the problem and clearly stated the commitment of Anheuser-Busch toward finding real solutions. The response from the environmentally concerned members of government, industry, shareholders, the academic world, labor leaders, employees, and the public has been most gratifying.

In keeping with that commitment, and to study the short-range aspects of the problem, we created the Anheuser-Busch Project Board with the intention of interlocking the varied skills of Company executives, wholesalers and the academic world. The Project Board reports directly to the President and Chairman of the Board.

The Company also committed itself to working toward achieving a long-range solution which would necessarily involve many firms, many industries, the government and the public. In October, through the coopera-

tive effort of the entire beverage industry, the National Center for Solid Waste Disposal became a reality. This non-profit corporation is now beginning to carry out its mission of conducting the exploratory systems research that will help industry and government find solutions to the problems posed by litter and solid waste. The Center's Board of Directors has been drawn from a distinguished list of national leaders in industry, labor, the academic world and the general public.

Subsidiaries

The baseball Cardinals 1970 net income of \$12,000 has been included as a separate item in the consolidated financial statements. The Cardinals will receive \$2,000,000 over a seven-year period (1968-1974) as a result of the 1968 expansion of the National League from 10 to 12 teams. Of this amount, \$200,000 was received and reported as income in 1968, \$1,200,000 in 1969, and \$120,000 in 1970. The balance of \$480,000 will be reported as income by the Cardinals in the years the payments are received.

Lianco Container Corporation, which is 60% owned by the Company, had net income of \$2,132,000 in 1970. The Company's 60% share of Lianco's net income has been deducted from cost of products sold in the statement of income.

On September 17, 1970, Busch Properties, Inc., a wholly-owned subsidiary, was formed to handle all real estate development activities of the Company (see page 13 of this report).

Management Changes

The following officer appointments were made on January 1, 1971:

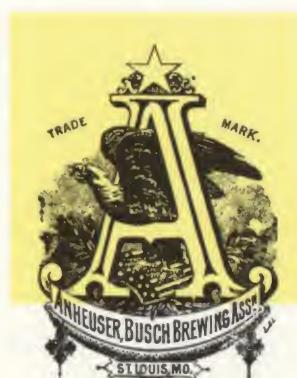
Fred L. Kuhlmann—Vice President

Donald S. McDonald—Assistant Secretary

Below, August A. Busch, Jr., seals the 20-millionth barrel in the Racking Room of the St. Louis plant as August A. Busch III looks on. This barrel, produced on November 25, 1970, marked a single year production record for the Company and the brewing industry. At right is a scene from the ceremonies held on the occasion of the production of the 10-millionth barrel in December, 1964. Mr. Busch drove the Clydesdale hitch from the Bottling plant to the Administration building to deliver the historic barrel.



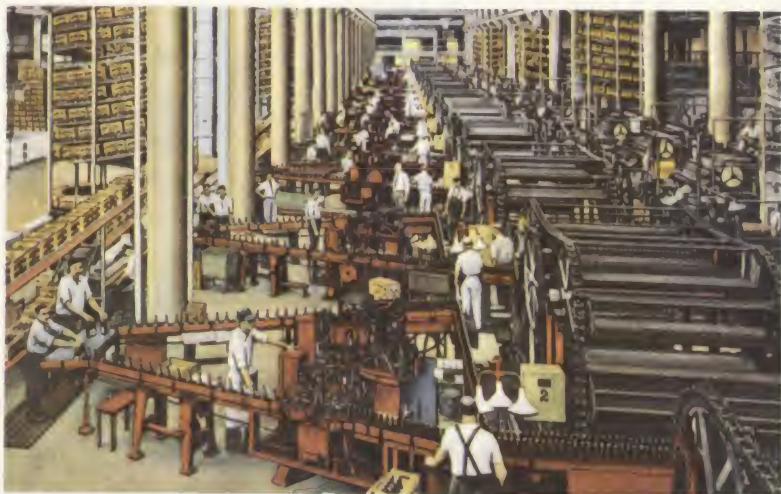
...where it all began...



An early version of the corporate trademark. The A and Eagle has always been a symbol of Anheuser-Busch quality.

* Reproductions from post card art and early lithographs from the ANHEUSER-BUSCH historical file.

An early merchandising item—a serving tray. Such materials continue to be a part of the Company's sales promotion effort.



At left a section of the world's largest bottling plant at the St. Louis brewery showing early mechanization. Below left, an exterior view of the St. Louis plant as it looked in 1914.



In 1970, its 119th year of business, Anheuser-Busch became the first company in brewing industry history to produce and sell 20 million barrels of beer in a single year. The production date of the historic barrel was marked with special ceremonies on November 25.

August A. Busch, Jr., members of the Board of Directors and officers began to assemble at the Racking Room of the St. Louis plant shortly before noon. At 12:15 p.m. the production milestone was reached and the 20-millionth barrel was filled.

The record included all three brands, Budweiser, Michelob and Busch, brewed at all plants — St. Louis, Newark, Los Angeles, Tampa, Houston, Columbus, Jacksonville and Merrimack.

Plant managers from these breweries as well as the new plant under construction near Williamsburg, Virginia, were present for the ceremony. The St. Louis brewery was chosen as the location for the event not only because it is the home plant but also because it's "where it all began" for the Company.



Mr. Busch is joined in a toast to the production of the 6-millionth barrel in 1952 by Adalbert von Gontard, center, now Vice Chairman of the Board, and screen and stage star Pat O'Brien who was in St. Louis for a performance at the American Theatre.

August A. Busch, Sr., center, is joined by his sons Adolphus Busch III, left, and August A. Busch, Jr., in preparing the first case of Budweiser off the line after Prohibition ended in 1933 for shipment to President Franklin D. Roosevelt.

Below is a view of Grant's Cabin at Grant's Farm just outside St. Louis. The Farm has been visited by millions of people and was the forerunner of the Company's tourist attractions—Busch Gardens at Tampa and Los Angeles. A third Gardens is under construction at Houston and is scheduled to be opened late this spring. At right below is the Reception Room at the St. Louis plant as it looked in earlier times. Hospitality has always been a part of the Company's tradition and similar rooms where visitors may sample Anheuser-Busch beers are a part of all the Company's brewing plants.



Delivery wagon in the Brewhouse yard in 1890.

The beginning in 1852 was not auspicious. The original brewery produced 3,000 barrels a year and three years later was taken over by a competitor who changed its name to the Bavarian Brewery. An expansion program was started immediately, financed largely with a loan from Eberhard Anheuser.

Production was increased to 8,000 barrels a year, but in 1857 the effort encountered difficulty. Mr. Anheuser bought up the interests of minority creditors and became the sole owner of the brewery.

After eight years of managing this new enterprise as well as his original soap business, Mr. Anheuser chose his son-in-law, Adolphus Busch, a man who loved beer and knew all aspects of the business, to manage the brewery.

Under the leadership of Adolphus Busch, the Company developed the first refrigerated railroad car and pasteurization of bottle beer—the latter providing longer product shelf life and both enabling market expansion. Predominant under his guidance was the perfection of Budweiser—the largest selling beer in the world today.

The success brought to the enterprise by Mr. Busch was

**Reproductions from post card art and early lithographs from the ANHEUSER-BUSCH historical file.*



The seven story Bottling plant in St. Louis was completed in 1918. Beer is pumped to this building from the Brewhouse to the upper levels and packaging operations are conducted in such a way that the cases are ready for loading when they reach the lower levels.

At left below, the early shipping office at the corner of Broadway and Arsenal streets with transportation facilities in the background. Below is a view from a bygone era of the Anheuser-Busch City Delivery Department for St. Louis and the surrounding area. This territory is now serviced by independent wholesalers.



recognized and in 1879 the name was changed from The E. Anheuser Co.'s Brewing Association to The Anheuser-Busch Brewing Association.

Production increased on a regular schedule until the darkest hour in Anheuser-Busch history as well as that of the entire brewing industry occurred with the enactment of Prohibition in January, 1920. Fortunately, under the direction of August A. Busch, Sr., then president of Anheuser-Busch, the Company used its brewing technology to move into new product fields such as yeast and corn products. Many of the products developed during Prohibition continue to be marketed by the Company today.

In 1933 Prohibition ended and beer returned. The first case off the line of the Anheuser-Busch brewery in St. Louis was dispatched to President Franklin D. Roosevelt.

In 1934 August's son, Adolphus III, took over the reins of the Company and his brother, August, Jr., was learning all aspects of the brewing business. In 1946 Adolphus III met an untimely death and August A. Busch, Jr., just home from serving in the army during World War II, was named president.



The present office building at 721 Pestalozzi was formerly the Lyons School. This photograph was taken about 1875. August A. Busch, Sr., attended grade school in this building.

At right is an early bottle of Anheuser-Busch beer. Below is a view of bottling, packaging and shipping operations as they were performed in the 1890's. Much of the work was done by hand and bottles were carted manually to the various sections. Below right, is the Adolphus Busch Glass Works where bottles were made until economics dictated that it was better to buy them.



In 1951 the first branch brewery was completed at Newark, N. J., and a year later, 1952, the Company produced 6 million barrels of beer, the first company in the industry to brew this much beer in a single year. In 1957 the Company became the industry leader in annual production and sales, and since that time has been the leading producer of the entire industry.

Additional plants have been built to the present eight which span the nation and a ninth is being built near Williamsburg, Virginia.

The guiding principle during its entire history has been that Anheuser-Busch will not compromise the quality of its products. There have been suggestions to alter the method by which the Company brews its beers, but they have all been turned aside rather than lower the standards the Company set for itself and expected by its customers.

Looking to the future, Anheuser-Busch will continue to hold to the quality standards established in past years as the foundation upon which to build greater achievements in the years ahead.



Adolphus Busch III—
President 1934—1946,
succeeded by his brother,
August A. Busch, Jr.



August A. Busch, Sr.—
President 1913—1934



Adolphus Busch—President
1880—1913



Eberhard Anheuser—
First President

Busch Properties, Inc.

In 1970 the real estate development activities of Anheuser-Busch were transferred to a new, wholly-owned subsidiary, Busch Properties, Inc. The subsidiary's first project is a 155-acre business park on property opposite the Anheuser-Busch Columbus brewery. The development, known as Busch Corporate Center • Columbus, was announced jointly by August A. Busch, Jr., and John W. Galbreath (shown in the photograph below) at a luncheon for Columbus civic and business leaders last October.



The Center will be built in accordance with a carefully conceived master plan (photograph upper right) designed to demonstrate that commercial and industrial development can enhance the environment. The plan includes amenities and features which will make Busch Corporate Center • Columbus a prestige location for a variety of business activities.

Ground has recently been broken for three buildings in the Center, including the 40,000 square-foot office building pictured here (photograph lower right) which will be ready for occupancy this fall.

The master land use plan for acreage owned by Anheuser-Busch near Williamsburg, Virginia, is proceeding on schedule. The master plan will include developments for commercial, industrial and residential land uses.



(Top) Site plan for Busch Corporate Center at Columbus, Ohio.
(Bottom) Busch Corporate Center Office Building as seen from Busch Blvd.



Consolidated balance sheet

ASSETS

Current Assets:

	December 31, 1970	December 31, 1969
Cash (including certificates of deposit of \$29,335,000 in 1970 and \$2,070,000 in 1969)	\$ 35,663,000	\$ 10,030,000
Marketable securities (short-term), at cost which approximates market	25,101,000	34,829,000
Accounts and notes receivable, less allowance for doubtful accounts of \$550,000	31,696,000	39,778,000
Inventories, at lower of cost or market, cost being determined under the "last-in, first-out" method for approximately 53% of total inventories in 1970—		
Finished goods	6,545,000	7,399,000
Work in process	15,364,000	14,230,000
Raw materials and supplies	44,087,000	35,378,000
Total current assets	158,456,000	141,644,000

Investments and Other Assets:

Investments in and advances to unconsolidated subsidiaries (Note 1)—		
St. Louis National Baseball Club, Inc.	6,319,000	6,307,000
Other	4,748,000	1,594,000
Investments in land	10,627,000	4,588,000
Deferred charges and other non-current assets.....	8,609,000	7,974,000
	30,303,000	20,463,000

Plant and Equipment, at cost:

Land	14,950,000	14,867,000
Buildings	233,981,000	208,829,000
Machinery and equipment	365,267,000	327,452,000
Construction in progress	48,507,000	54,851,000
Other real estate	2,375,000	2,035,000
	665,080,000	608,034,000
Less accumulated depreciation	248,420,000	220,612,000
	416,660,000	387,422,000
	\$605,419,000	\$549,529,000

ANHEUSER-BUSCH, INCORPORATED and Subsidiaries

LIABILITIES and SHAREHOLDERS EQUITY

Current Liabilities:

	December 31, 1970	December 31, 1969
Accounts payable	\$ 33,007,000	\$ 27,253,000
Accrued salaries and wages	6,975,000	5,996,000
Accrued taxes, other than income taxes	13,976,000	14,242,000
Estimated federal and state income taxes.....	16,653,000	12,000,000
Other current liabilities	7,415,000	5,203,000
Total current liabilities	78,026,000	64,694,000

Long-Term Debt:

4 3/4 % notes payable maturing 1972 to 1976.....	1,292,000	1,580,000
3 3/8 % debentures maturing 1972 to 1977, less \$3,125,000 in treasury in 1970 and \$2,814,000 in 1969	5,800,000	7,601,000
4 1/2 % debentures maturing 1972 to 1989, less \$2,992,000 in treasury in 1970 and \$2,836,000 in 1969	31,308,000	33,364,000
5.45% debentures maturing 1972 to 1991, less \$3,120,000 in treasury in 1970 and \$2,620,000 in 1969	39,680,000	42,380,000
6% debentures maturing 1975 to 1992.....	50,000,000	50,000,000
	128,080,000	134,925,000
Accumulated Deferred Income Taxes.....	27,274,000	23,212,000
Accumulated Deferred Investment Tax Credit Being Amortized...	13,563,000	12,577,000

Shareholders Equity (Notes 2 and 3):

Common stock, \$1 par value, authorized 30,000,000 shares; issued 22,625,674 shares	22,625,000	22,600,000
Capital in excess of par value (principally arising from stock dividends)	71,224,000	70,452,000
Retained earnings	267,839,000	224,281,000
	361,688,000	317,333,000
Less cost of 270,194 shares of treasury stock.....	3,212,000	3,212,000
	358,476,000	314,121,000
	\$605,419,000	\$549,529,000

The above statement should be read in conjunction with the Notes to Consolidated Financial Statements appearing on page 20 of this report.



Consolidated statement of income and retained earnings

	1970	1969
Sales	\$1,036,272,000	\$871,904,000
Less federal and state beer taxes	243,495,000	205,295,000
	792,777,000	666,609,000
Costs and Expenses (Notes 4 and 5):		
Cost of products sold	579,372,000	490,932,000
Marketing, administrative and general expenses	92,660,000	84,113,000
	672,032,000	575,045,000
	120,745,000	91,564,000
Other Income and Expenses:		
Interest income	3,715,000	3,604,000
Interest expense	(7,104,000)	(7,401,000)
Net income St. Louis National Baseball Club, Inc.	12,000	1,020,000
Purchase discounts, other income and expenses, net	3,408,000	4,151,000
Income before income taxes	120,776,000	92,938,000
Provision for Income Taxes:		
Current	53,179,000	40,777,000
Deferred	5,048,000	6,850,000
	58,227,000	47,627,000
Net income (per share: 1970—\$2.80; 1969—\$2.03)	62,549,000	45,311,000
Retained earnings at beginning of year	224,281,000	196,813,000
Cash dividends, \$.85 per share in 1970 and \$.80 per share in 1969 ..	286,830,000	242,124,000
Retained earnings at end of year	18,991,000	17,843,000
	\$ 267,839,000	\$224,281,000

The above statement should be read in conjunction with the Notes to Consolidated Financial Statements appearing on page 20 of this report.

Consolidated statement of source and application of funds

	1970	1969
Funds were provided by:		
Operations —		
Net income for the year	\$ 62,549,000	\$ 45,311,000
Charges to operations not involving cash —		
Depreciation	33,795,000	30,063,000
Deferred income taxes	4,062,000	5,063,000
Deferred investment tax credit	986,000	1,787,000
	<hr/> 101,392,000	82,224,000
Sale of common stock under option plans	797,000	1,334,000
Other changes, net	544,000	185,000
	<hr/> 102,733,000	83,743,000
Funds were applied to:		
Capital expenditures	65,069,000	66,396,000
Investments in land	8,348,000	4,588,000
Cash dividends paid	18,991,000	17,843,000
Reduction of long-term debt	6,845,000	7,795,000
	<hr/> 99,253,000	96,622,000
Increase (decrease) in working capital	<hr/> \$ 3,480,000	\$(12,879,000)

**To the Shareholders and Board of Directors
of Anheuser-Busch, Incorporated**

In our opinion, the accompanying consolidated balance sheets, the related consolidated statements of income and retained earnings and the consolidated statements of source and application of funds present fairly the financial position of Anheuser-Busch, Incorporated and its subsidiaries at December 31, 1970 and 1969, the results of their operations and the source and application of funds for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

*Independent
accountants
opinion ...*

PRICE WATERHOUSE & CO.

St. Louis
February 10, 1971



1970 1969 1968

SALES AND EARNINGS

	1970	1969	1968
Barrels sold	22,202	18,712	18,393
Net sales	\$792,777	\$666,609	\$652,707
Depreciation	33,795	30,063	27,578
Direct payroll	135,997	116,577	116,516
Income before income taxes	120,776	92,938	92,661
Net income	62,549	45,311	44,634
Net income per share	2.80	2.03	2.01

DIVIDENDS

Total cash dividends	18,991	17,843	16,117
Cash dividends per share85	.80	.725

BALANCE SHEET INFORMATION

Working capital	80,430	76,950	89,829
Plant and equipment, net	416,660	387,422	351,537
Capital expenditures	65,069	66,396	76,457
Long-term debt	128,080	134,925	142,720
Deferred income taxes	27,274	23,212	18,149
Deferred investment tax credit	13,563	12,577	10,790
Shareholders equity	358,476	314,121	285,318

Ten year financial summary (Thousands)

1967	1966	1965	1964	1963	1962	1961
15,535	13,575	11,841	10,370	9,397	9,035	8,508
\$554,880	\$485,063	\$427,698	\$380,711	\$347,414	\$330,942	\$313,380
23,524	18,955	16,102	14,805	13,461	12,500	11,438
106,260	93,895	85,809	78,326	74,725	71,950	68,059
67,150	63,487	51,158	40,523	32,872	35,582	31,527
36,195	33,627	26,732	20,342	15,987	17,185	15,461
.63	1.52	1.22	.92	.73	.78	.70
13,146	10,806	9,491	8,050	7,851	7,359	7,346
.60	.50	.44	.37	.36	.34	.34

Per share statistics have been adjusted to give effect to the two-for-one stock split and 10% stock dividend in 1965 and the two-for-one stock split in 1968.

Restated for years prior to 1967 to include data for companies acquired in 1967 on a pooling of interests basis and the net income of St. Louis National Baseball Club, Inc.

104,252	85,989	81,926	95,436	54,757	49,938	54,491
306,476	244,883	174,902	144,368	133,544	131,970	120,310
85,415	89,671	47,953	25,731	15,476	25,094	19,945
147,898	99,293	53,497	55,760	18,049	19,584	21,102
14,191	9,149	6,604	3,575	50	25	
8,823	4,356	2,447	2,026	1,540	263	
255,359	231,438	207,376	191,363	179,246	171,247	161,558

Notes to consolidated financial statements

NOTE 1—

PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the Company and all of its subsidiaries. St. Louis National Baseball Club, Inc., and certain other subsidiaries which are not an integral part of the Company's operations are included on an equity basis.

NOTE 2—STOCK OPTIONS:

Under the 1955 stock option plan (which has been terminated and under which no further options may be granted), options granted to officers and key employees covering 6,130 shares of common stock remain outstanding and exercisable at December 31, 1970. These options, which expire in 1971, are priced at 95% of the fair market value at the date granted, or \$12.33 per share. During 1969, options covering 73,670 shares were exercised at prices ranging from \$12.07 to \$14.97 per share and during 1970, options covering 9,100 shares were exercised at a price of \$12.33 per share.

Under a stock option plan adopted by the shareholders in 1967, 1,038,426 shares of common stock were reserved at December 31, 1970 for issuance to officers and key employees. Options granted under this plan expire in 1972 and 1973 and the option price is 100% of fair market value of the shares at date granted. At December 31, 1970, options covering 143,432 shares were outstanding and range in price from \$40.75 to \$68.13 per share. During 1970 and 1969, options covering 16,830 shares and 9,049 shares, respectively, were exercised at a price of \$40.75 per share and options covering 2,002 shares and 668 shares, respectively, were terminated. Options covering 138,596 shares were exercisable at December 31, 1970.

Proceeds from the sale of common stock under the plans totaled \$797,000 in 1970 and \$1,334,000 in 1969 of which \$772,000 and \$1,252,000, representing the excess of option prices over par value, has been credited to capital in excess of par value during the respective years.

NOTE 3—RETAINED EARNINGS RESTRICTION:

The indentures under which the Company's long-term debt is issued contain provisions which limit the amount of retained earnings available for cash dividends. Under the most restrictive of these provisions, retained earnings at December 31, 1970 were restricted to the extent of \$66,724,000 against the payment of cash dividends.

NOTE 4—PENSION PLANS:

The Company has several pension plans covering substantially all of its employees. The total pension expense was \$9,399,000 in 1970 and \$7,923,000 in 1969. Salaried employees are covered under a trusteed pension plan with unfunded prior service cost amounting to \$6,400,000 at December 31, 1970. Pension plans have been adopted for hourly paid employees under agreements with the unions representing such employees. Obligations for contributions under these plans are based on a defined contribution per employee in accordance with the various labor agreements. The Company follows the policy of funding all pension costs accrued.

NOTE 5—DEPRECIATION:

The provision for depreciation amounted to \$33,795,000 in 1970 and \$30,063,000 in 1969. Depreciation is computed principally on the sum-of-the-years digits method for property acquired after

December 31, 1953 and on the straight-line method for property acquired prior to that date.

NOTE 6—COMMITMENTS AND CONTINGENCIES:

In connection with the plant expansion and improvement program, the Company has commitments for capital expenditures totaling about \$53,065,000 at December 31, 1970.

Under an agreement with the Company's can manufacturing facility, Lianco Container Corporation, the Company is obligated as a guarantor, to the extent of 60%, for the payment of principal and interest on bank loans incurred by Lianco amounting to \$5,000,000 at December 31, 1970.

In May, 1968, Beverage Distributors, Inc., (a former wholesaler of the Company whose relationship as a wholesaler had previously been terminated by the Company), filed suit against the Company in the United States District Court for the Northern District of California, alleging violations by the Company of Sections 1 and 2 of the Sherman Act, and seeking a permanent injunction against the Company from engaging in certain alleged illegal acts and treble damages based upon alleged loss of net profits. The Company is contending that this case is without merit and is defending against it.

The Company's 1968 and 1969 annual reports disclosed that in May, 1968, the Company had filed suit in the United States District Court for the Western District of Pennsylvania against Pittsburgh Brewing Company, Inc., and DuBois Brewing Company asking that the defendants be enjoined and restrained from using certain of the Company's registered trademarks in connection with the defendants' advertising or sale of beer products. In addition, the Company asked for an accounting and for damages resulting from the infringement of its registered trademarks by defendants. This case was settled in 1970, and Pittsburgh Brewing Company and DuBois Brewing Company have been enjoined from using the Company's trademarks.

The Company was defendant in certain other lawsuits at December 31, 1970, the ultimate outcome of which cannot be determined at this time. The Company's liability under such suits, if any, would not materially affect its financial condition or operations.

DIRECTORS

AUGUST A. BUSCH, JR.
President and Chairman of the Board
Anheuser-Busch, Incorporated

AUGUST A. BUSCH III
Vice President and General Manager
Anheuser-Busch, Incorporated

DAVID R. CALHOUN, JR.
Chairman of the Board
St. Louis Union Trust Company

JOHN FLANIGAN

A. VON GONTARD
Vice Chairman of the Board
Anheuser-Busch, Incorporated

JOHN F. KREY II
President, Krey Packing Company

H. NORRIS LOVE
Consultant

J. W. McAFFEE
Chairman of the Board
Union Electric Company

R. A. MEYER
Executive Vice President
Anheuser-Busch, Incorporated

JAMES B. ORTHWEIN
President and Co-Chief
Executive Officer
D'Arcy-MacManus-Intermarco, Inc.

FREDERIC M. PEIRCE
Chairman of the Board and
Chief Executive Officer
General American Life Insurance Company

W. R. PERSONS
Chairman of the Board and
Chief Executive Officer
Emerson Electric Co.

WALTER C. REISINGER
Vice President
Anheuser-Busch, Incorporated

ETHAN A. H. SHEPLEY
Of counsel—Shepley, Kroeger and Hecker

JOHN L. WILSON
Chairman—Finance Committee of the Board
Anheuser-Busch, Incorporated

OFFICERS

AUGUST A. BUSCH, JR., *President*

R. A. MEYER, *Executive Vice President*

AUGUST A. BUSCH III
Vice President and General Manager

FRANK H. SCHWAIGER
Senior Vice President—Brewing

HENRY N. McCLUNEY, *Vice President*

FRANK J. SELLINGER, *Vice President*

JOHN H. PAHLMANN, *Vice President*

GEORGE W. COUCH, JR., *Vice President*

OWEN RUSH, *Vice President*

CHARLES S. AULBERT, *Vice President*

RICHARD J. BENDER, *Vice President*

MELVIN H. FRITZ, *Vice President*

FRED L. KUHLMANN, *Vice President*

WALTER C. REISINGER, *Vice President*

THOMAS R. SCANLAN, JR., *Vice President*

JERRY E. RITTER, *Controller*

JOHN L. HAYWARD, *Secretary and Treasurer*

THOMAS J. CARROLL, *Assistant Secretary*

DONALD S. McDONALD, *Assistant Secretary*

R. A. RAWIZZA, *Assistant Controller*

ROY LANPHERE, *Assistant Treasurer*

H. F. SUELLENTROP, *Assistant Treasurer*

STOCK TRANSFER AGENTS

ST. LOUIS UNION
TRUST COMPANY
510 Locust Street
St. Louis, Missouri

CHEMICAL BANK
20 Pine Street
New York, New York

STOCK REGISTRARS

MERCANTILE TRUST COMPANY
NATIONAL ASSOCIATION
721 Locust Street
St. Louis, Missouri

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK
30 West Broadway
New York, New York

**DEBENTURES—TRUSTEE,
REGISTRAR AND PAYING AGENT**

MANUFACTURERS HANOVER
TRUST COMPANY
40 Wall Street
New York, New York

CHEMICAL BANK
20 Pine Street
New York, New York

The City of St. Louis entry in the Tournament of Roses Parade, sponsored by Anheuser-Busch, Inc., was entitled, "Mommy Please Read To Me." The float again won a prize, being judged the best in the Parade from a city outside California with a population of more than 600,000.

Drawn by the Anheuser-Busch Clydesdale eight-horse hitch, the entry depicted storybook figures against a background of a huge overturned shoe and illustrated the universal plea of all children for a story from mother.



BUDWEISER

... is available in bottles, draught. Both bottles and six-packs and by the case.



BUSCH

... is sold in bottles, cans and on draught. Both bottles and cans are available in six-packs and by the case.



Industrial Products Division — the products of this Division are used extensively by the baking and food processing industries as well as in the manufacturing and processing of paper, corrugating, and textiles. In addition to the packaged products, the Company's corn syrup and starches are sold by the carload.



The A & Eagle design, Budweiser, Bud, Michelob, Busch, Abinco, A-B, and Guard are registered trademarks of ANHEUSER-BUSCH, INC.

MICHELOB

. . . is available on draught and in cans and bottles. It is sold in six packs and by the 24-unit case in both bottles and cans. Michelob is featured by some of the most famous hotels and clubs in this country, and it is also available at United States Military Installations in Europe and the Far East.

cans and on draught
cans are sold in six





ANHEUSER-BUSCH, INCORPORATED, 721 Potosi Street, St. Louis, Missouri 63118

Brewery Plants:

ST. LOUIS, NEWARK, LOS ANGELES,
TAMPA, HOUSTON, COLUMBUS,
JACKSONVILLE and MERRIMACK

Under Construction:

WILLIAMSBURG, VIRGINIA

Corn Refining Plant:

LAFAYETTE, INDIANA

Yeast Plants:

ST. LOUIS and
OLD BRIDGE, NEW JERSEY

To the left is the new A and Eagle sign erected at the Newark brewery. Through animated illumination, the famous Anheuser-Busch trademark becomes an attractive landmark along U.S. Highway #1 and for the nearby Newark International Airport, which is under construction.